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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION IX

75 Hawthorne Street
San Francisco, Ca. 94105-3901

SFUND RECORDS CTR
2166-05609

VIA FEDERAL EXPRESS

July 16, 1993

Mr. C.D. Vangorden, President
Los Angeles By-Products Co.
1810 East 25th Street
Los Angeles, CA 90058

Re: LIABILITY NOTICE AND DEMAND FOR PAYMENT OF COSTS
San Fernando Valley Area 1
North Hollywood Operable Unit
EPA Superfund Site I.D. Nos. 59 and N1
Los Angeles County, California

Dear Mr. Vangorden:

Pursuant to the authority contained in Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), as amended, 42 U.S.C. § 9604, the United States Environmental Protection Agency ("EPA") determined that there was a release or substantial threat of release of hazardous substances from the San Fernando Valley Area 1 Superfund Site, North Hollywood Operable Unit ("the Site") in Los Angeles County, California.

Also pursuant to Section 104 of CERCLA, 42 U.S.C. § 9604, EPA undertook response actions at the Site including but not limited to the following: site investigation and sampling; completion of an operable unit feasibility study and record of decision; design, construction, operation, and maintenance of an operable unit interim remedial action; and development of a basin-wide remedial investigation.

Under Sections 106(a) and 107(a) of CERCLA, 42 U.S.C. §§ 9606(a) and 9607(a), responsible parties may be held liable for all costs incurred by the Government (including interest) in responding to any release or threatened release of hazardous substances at the Site. The definition of responsible parties, given in Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), includes current and former owners or operators of a facility, persons who arranged for treatment and/or disposal of hazardous substances at the facility, and persons who accepted hazardous substances for transport and selected the site or facility to which the hazardous substances were delivered. As a current owner or operator,

EPA considers you to be a potentially responsible party ("PRP") with respect to the Site.

This letter specifies the costs that EPA has incurred at the Site and demands payment of these costs. A similar letter was sent to the other PRPs at the Site on March 16, 1993 and July 2, 1993. Since your potential liability is considered to be "joint and several," EPA is demanding the total amount of its costs from each PRP. You and the other PRPs may allocate among yourselves the costs to be paid to EPA. Allocations among PRPs are often based on such considerations as each PRP's level of involvement in industrial operations at the Site, the relative threat posed by each PRP's facility to human health or the environment, and the relative financial strength of each PRP. To facilitate coordination among PRPs regarding an allocation or settlement with EPA, we have enclosed a list of the PRPs who received a similar letter. While EPA may consider a comprehensive settlement proposal from a cohesive PRP group, EPA's resource constraints, unfortunately, do not allow us to enter into individual settlements for fractions of the total costs demanded.

EPA has incurred at least \$16,801,295.43 in costs for response actions related to the Site as of April 30, 1992. Pursuant to Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), demand is hereby made for payment of this amount plus any and all interest recoverable under Section 107 of CERCLA or any other provisions of law.

This statement of expenditures is preliminary, and does not limit EPA from providing a revised figure if additional costs are identified. EPA anticipates that additional funds may be expended on the Site. Whether EPA funds additional response actions or simply incurs costs by overseeing the parties conducting the response activities, you are potentially liable for the expenditures plus interest.

This figure represents only EPA's costs as of that date. It does not include costs incurred by the United States Department of Justice in regard to the Site. It also does not include the ten percent of the total remedial action costs paid by the State of California and the ten percent of the remedial action operation and maintenance costs paid by the Los Angeles Department of Water and Power ("LADWP"). The State or the LADWP may pursue separate cost recovery actions against you for repayment of their costs including their 10% cost shares.

In accordance with Section 107(a) of CERCLA, 42 U.S.C. § 9607(a), interest on past costs incurred shall accrue from the date of this demand for payment, while interest on future costs shall accrue from the date of expenditure. The applicable interest rates on any unpaid amounts are the same as those determined by the Department of the Treasury each fiscal year for the

investments in the Hazardous Substance Superfund, established pursuant to CERCLA Title 26, Chapter 98, of the Internal Revenue Code. EPA is not required by CERCLA to issue a written demand for recovery of prejudgment interest. However, the date a written demand is made may be used by a court in determining the date from which prejudgment interest begins to accrue.

In the event that you file for protection in the Bankruptcy Court, EPA reserves its right to file a proof of claim or application for reimbursement of administrative expenses against the debtor's estate.

A check in the amount of \$16,801,295.43 should be sent to the address below within thirty (30) calendar days of the date of receipt of this letter. The check should be made payable to the "U.S. EPA Hazardous Substance Superfund". The check and accompanying transmittal letter should clearly reference the identity of the Site (San Fernando Valley Area 1, North Hollywood Operable Unit, SSID Nos. 59 and N1) and should be sent to:

U.S. EPA — Region IX
ATTN: Superfund Accounting
P.O. Box 360863M
Pittsburgh, PA 15251

Please send a copy of the check and transmittal letter, and direct any questions you may have concerning matters discussed herein to:

Mr. Thomas P. Mintz
U. S. Environmental Protection Agency, Region IX
Office of Regional Counsel (RC-3-3)
75 Hawthorne Street
San Francisco, CA 94105
(415) 744-1333

EPA would like to extend to you the opportunity to settle this matter before litigation, in order to save both you and the federal government the burden and expense of litigation. We have arranged a meeting between EPA and the other PRPs to discuss the possibility of negotiating a comprehensive settlement. This meeting has been scheduled for July 22 at 10:30 in the morning at the law offices of Latham & Watkins at 633 West Fifth Street, Sixth Floor in Los Angeles. Please contact Mr. Mintz as soon as possible if you plan on attending.

This meeting will be the second between EPA and the other PRPs at the site. You did not receive a demand letter earlier or an invitation to the first meeting because EPA had not identified you as a PRP at that time.

If you fail to respond to this demand within thirty (30) calendar days, EPA will conclude that you have declined to reimburse the Hazardous Substance Superfund for Site expenditures. Consequently, EPA may pursue civil litigation against you, pursuant to Sections 106(a) and 107(a) of CERCLA, 42 U.S.C. §§ 9606(a) and 9607(a).

Thank you for your attention to this matter.

Sincerely,



for David B. Jones
Chief, Remedial Action Branch

Enclosure

DEMAND LETTER RECIPIENTS
San Fernando Valley Area 1
North Hollywood Operable Unit
As of July 16, 1993

Dan Burnham
Executive Vice-President
Allied-Signal Inc.
2525 West 190th Street
Torrance, CA 90504
March 16, 1993

Gregory M. Keough
Vice President
E/M Corporation
2801 Kent Avenue
West Lafayette, IN 47906
March 16, 1993

William Cooke
President
Fleetwood Machine Products,
Inc.
11447 Vanowen Street
North Hollywood, CA 91605
March 16, 1993

William Cooke
Jerry Conrow
Co-Trustees
Amended Cooke Family Trust
23871 Madison Street
Torrance, CA 90505
March 16, 1993

Gordon N. and Peggy M. Wagner
Co-Trustees
Wagner Living Trust
104 Via Orvieto
Newport Beach, CA 92663
March 16, 1993

Joseph W. Basinger
2246 Ridgemont Drive
Los Angeles, CA 90046
March 16, 1993

David Locklar
President
Hawker Pacific, Inc.
11310 Sherman Way
Sun Valley, CA 91352
March 16, 1993

Viggo Butler
President
Lockheed Air Terminal, Inc.
P.O. Box 7229
Burbank, CA 91510
March 16, 1993

Daniel M. Tellep
President
Lockheed Corporation
4500 Park Granada Boulevard
Calabasas, CA 91399
March 16, 1993

Niels Bruun-Andersen
Trustee
Erik and Else Bruun-Andersen
Trust
6829 Farmdale Avenue
North Hollywood, CA 91605
March 16, 1993

Lou Fruchey
President
Pacific Steel Treating Company,
Inc.
6829 Farmdale Avenue
North Hollywood, CA 91605
March 16, 1993

Greg Loughnane
Division President and General
Manager
Waste Management Disposal
Services of California, Inc.
Bradley Landfill & Recycling
Center
9081 Tujunga Avenue, 2nd Floor
Sun Valley, CA 91352
July 2, 1992

A. Frederick Gerstell
President
CalMat Co.
3200 San Fernando Road
Los Angeles, CA 90065
July 16, 1993

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North Hollywood Demand Letter Recipients

July 16, 1993

C.D. Vangorden

President

Los Angeles By-Products Co.

1810 East 25th Street

Los Angeles, CA 90058

July 16, 1993

Glenn C. McElroy

President

Pick-Your-Part Auto Wrecking

1301 E. Orangewood

Anaheim, CA 92805

July 16, 1993

Sam Adlen

President

11590 Tuxford Street

Sun Valley, CA 91352

July 16, 1993